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Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00
OMB-01 STR-04 /089 W
----------101006Z 122120 /12
R 100856Z FEB 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 5386
INFO USMISSION EC BRUSSELS
USMISSION OECD PARIS

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DEPT PASS OECD CAPITALS AS INFO

E.O. 11652: N/A
TAGS: ETRD, EWWT, JA, EC
SUBJECT: EUROPEAN/JAPAN TRADING RELATIONS: SHIPBUILDING TALKS

REF: 76 TOKYO 18790

1. SUMMARY: SECOND ROUND OF JAPANESE/EUROPEAN SHIP-
BUILDING TALKS HAS PRODUCED GOJ OFFERS TO RAISE EXPORT
PRICES AND RESTRAIN EXPORTS TO COUNTRIES WHOSE OWN
INDUSTIRES ARE MOST AFFECTED BY SLUMP.
INITIAL REACTION HERE APPEARS TO BE RELIEF THAT PRESSURE
FROM EUROPEANS WILL NOW ABATE IN THIS SECTOR ALTHOUGH
SHIPBUILDERS THEMSELVES UNDERSTANDABLY CONCERNED OVER
WHAT LEVELS OF OPERATION THEY'LL BE ABLE TO MAINTAIN.
WE BELIEVE THAT THIS ACTION WILL NOT HAVE
SERIOUS IMPACT ON BROADER TRADE POLICY. END SUMMARY.

2. ACCORDING TO LOCAL PRESS REPORTS CONFIRMED BY
MINISTRY OF TRANSPORT (MOT), JAPANESE DELEGATES AT
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OECD/JAPAN SHIPBUILDING TALKS HAVE MADE THREE OFFERS
IN ATTEMPT TO ASSURE THAT EUROPEAN BUILDERS OBTAIN
FAIRER SHARE OF NEW ORDERS. THE JAPANESE SIDE
1) AGREED TO RAISE THE EXPORT PRICES OF SHIPS OF ALL
SIZE (NO SPECIFIC PERCENTAGE INCREASE WAS MENTIONED
ALTHOUGH JAPANESE YARDS REPORTEDLY SELL AT PRICES 20-40 PERCENT
BELOW EUROPEAN LEVELS); 2) PROMISED TO ENCOURAGE JAPANESE

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YARDS TO RESTRAIN EXPORTS TO THOSE COUNTRIES WHOSE
OWN SHIPBUILDING INDUSTRIES ARE MOST AFFECTED BY THE
PRESENT SLUMP (NO SPECIFIC COUNTRIES WERE CITED) AND
3) STATED THE GOJ WOULD REDUCE PRODUCTION LEVELS
FARTHER IF THE JAPANESE SHARE OF NEW ORDERS BASED ON TONNAGE
EXCEEDS 50 PERCENT.

3. FIRST TWO PROPOSALS WILL BE IMPLEMENTED THROUGHOUT
CY 77 AND 78; NO TIME FRAME WAS MENTIONED REGARDING
THIRD.

4. THE INITIAL REACTION OF BOTH GOJ AND SHIPBUILDING
CIRCLES APPEARS TO BE RELIEF TTHAT THE EUROPEANS ARE
APPARENTLY SATISFIED WITH THE OFFER MADE THE MOT AND
LABOR MINISTRY ARE REPORTEDLY STUDYING CONCRETE MEASURES
OF IMPLEMENTING THE PROPOSALS. THE INDUSTRY ITSELF,
PARTICULARLY SMALL AND MEDIUM SIZE SHIPBUILDERS
WHOSE PRICES HERETOFORE HAVE BEEN MOST COMPETITIVE,
ISL ALSO NATURALLY CONCERNED OVER WHAT LEVEL OF
OPERATION THEY WILL BE ABLE TO MAINTAIN.

5. EMBASSY COMMENT: WE HAVE BEEN SOMEWHAT
APPREHENSIVE THAT APPARENT JAPANESE
MALLEABILITY IN FACE OF TOUGH TALK FROM EUROPE MAY
ATTRACT THE ATTENTION OF THOSE IN U.S. WHO
WOULD LIKE SIMILAR TREATMENT OF THEIR INDUSTIRES.
IT NOW LOOKS TO US AS IF A REASONABLY SATISFACTORY
JAPAN-EC COMPROMISE MAY HAVE EMERGED
TO COVER A PECULIAR, ISOLATED SITUATION AND THAT IT
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WILL NOT BE SEEN AS HAVING BROADER APPLICATION, BUT
THE SITUATION CLEARLY BEARS WATCHING IN THE WEEKS TO
COME.
SHOESMITH

NOTE BY OC/T: NOT PASSED OECD CAPITALS.

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 10-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Film Number: D770047-1002
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From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770252/aaaabuiu.tel
Line Count: 103
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Litigation History:
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Message ID: f43f74c8-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
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